

ENGLISH PARK NURSING CENTER

MARION, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1995
AC# 3-ENG-J4**

REPORT ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

September 13, 1999

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with English Park Nursing Center, for the contract periods beginning October 1, 1995 and for the twelve month cost report period ended September 30, 1994, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by English Park Nursing Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and English Park Nursing Center dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
September 13, 1999

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

ENGLISH PARK NURSING CENTER
Computation of Rate Change
For the Contract Periods
Beginning October 1, 1995
AC# 3-ENG-J4

	10/01/95- <u>09/30/96</u>
Interim reimbursement rate (1)	\$88.23
Adjusted reimbursement rate	<u>85.62</u>
Decrease in reimbursement rate	\$ <u><u>2.61</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 8, 1998

ENGLISH PARK NURSING CENTER
Computation of Adjusted Reimbursement Rate
For the Contract Periods October 1, 1995 Through September 30, 1996
AC# 3-ENG-J4

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$3.54	\$41.08	\$50.61	\$41.08
Dietary	<u>-</u>	<u>12.60</u>	<u>10.19</u>	<u>10.19</u>
Subtotal	<u>\$3.54</u>	53.68	60.80	51.27
Laundry/Housekeeping/Maint.	\$ -	8.63	7.17	7.17
Administration & Med. Rec.	<u>-</u>	<u>21.51</u>	<u>7.58</u>	<u>7.58</u>
Subtotal	<u>\$ -</u>	83.82	<u>\$75.55</u>	66.02
<u>Costs Not Subject to Standards:</u>				
Utilities		3.73		3.73
Special Services		-		-
Medical Supplies & Oxy.		-		-
Taxes and Insurance		1.93		1.93
Legal Fees		<u>.28</u>		<u>.28</u>
TOTAL		<u>\$89.76</u>		71.96
Inflation Factor (6.30%)				4.53
Cost of Capital				7.63
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For Gen. Serv. & Dietary				3.54
Effect of \$1.50 Cap on Cost/Profit Incentives				<u>(2.04)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$85.62</u>

ENGLISH PARK NURSING CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1994
AC# 3-ENG-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$ 690,215	\$ -	\$ 32,052 (1)	\$ 658,163
Dietary	187,577	14,383 (1)	-	201,960
Laundry	19,185	12,350 (1)	-	31,535
Housekeeping	67,678	-	8,587 (1)	59,091
Maintenance	47,194	433 (1)	-	47,627
Administration & Medical Records	161,781	182,827 (1)	-	344,608
Utilities	58,558	1,151 (1)	-	59,709
Special Services	-	-	-	-
Medical Supplies & Oxygen	28,115	-	28,115 (1)	-
Taxes & Insurance	7,972	22,950 (1)	-	30,922
Legal Fees	31	4,402 (1)	-	4,433
Cost of Capital	130,537	8,205 (1)	77,382 (2)	122,180
	<u>60,820</u>	<u>(3)</u>		
Subtotal	1,398,843	307,521	146,136	1,560,228

ENGLISH PARK NURSING CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1994
AC# 3-ENG-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	10,207	-	10,207 (1)	-
Non-Allowable	473,402	77,382 (2)	281,085 (1)	208,879
	<u> </u>	<u> </u>	<u>60,820 (3)</u>	<u> </u>
Total Operating Expenses	<u>\$1,882,452</u>	<u>\$384,903</u>	<u>\$498,248</u>	<u>\$1,769,107</u>

Total Beds 44

Total Patient Days 16,023

ENGLISH PARK NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 1994
AC# 3-ENG-J4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Maintenance	\$ 433	
	Utilities	1,151	
	Taxes and Insurance	22,950	
	Legal	4,402	
	Cost of Capital	8,205	
	Administration and Medical Records	182,827	
	Laundry	12,350	
	Dietary	14,383	
	Other Equity	113,345	
	General Services		\$ 32,052
	Housekeeping		8,587
	Medical Supplies		28,115
	Ancillary		10,207
	Nonallowable		281,085
	To adjust costs to amounts per Blue Cross/Blue Shield settled report HIM-15-1, Section 2300		
2	Nonallowable	77,382	
	Cost of Capital		77,382
	To adjust depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D		
3	Cost of Capital	60,820	
	Nonallowable		60,820
	To adjust capital return to allowable State Plan, Attachment 4.19D		
		_____	_____
	TOTAL ADJUSTMENTS	<u>\$498,248</u>	<u>\$498,248</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

ENGLISH PARK NURSING CENTER
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1994
AC# 3-ENG-J4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>1.9778</u>
Deemed Asset Value (Per Bed)	30,889
Number of Beds	<u>44</u>
Deemed Asset Value	1,359,116
Improvements Since 1981	33,736
Accumulated Depreciation at 9/30/94	<u>(316,378)</u>
Deemed Depreciated Value	1,076,474
Market Rate of Return	<u>0.072</u>
Total Annual Return	77,506
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	77,506
Depreciation Expense	52,231
Amortization Expense	-
Capital Related Income Offsets	(7,557)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	122,180
Total Patient Days (Minimum 97% Occupancy)	<u>16,023</u>
Cost of Capital Per Diem	\$ <u><u>7.63</u></u>

ENGLISH PARK NURSING CENTER
Cost of Capital Reimbursement Analysis
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AC# 3-ENG-J4

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	N/A
Adjustment for Maximum Increase	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$N/A</u>
Reimbursable Cost of Capital Per Diem	N/A
Cost of Capital Per Diem	<u>N/A</u>
Cost of Capital Per Diem Limitation	<u>\$N/A</u>